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Nonprofit Essentials | May 2022

With May being Mental Health Awareness Month and nonprofit employees reporting continued stress and rising burnout, we're sharing resources describing how nonprofits are supporting their employees – and one another. Our second article presents a gift: it describes an impressive and unique “Pre-Development Toolkit,” which is generously being made available at no charge by its creators in Alaska to any nonprofit in the country needing to know more about creating a sustainable capital project. Our final article this month urges nonprofit employers not to leave money on the table in the form of refundable employee retention tax credits that were designed so nonprofits could qualify. For both 2020 and 2021, if your nonprofit has employees and meets certain criteria, you may be eligible to submit an amended return and claim what could be a significant amount in tax credits – that will arrive in the form of a check to your nonprofit. Plus, as always, we conclude with a few “extras” ... and a spot of humor.

How (and Why) Nonprofits Are Supporting the Mental Health of Their Employees

One of our five [core values](#) at the National Council of Nonprofits is “Honoring the Nonprofit Workforce,” reflecting our deeply held belief that nonprofits and their employees should have the respect and the resources needed to get their work done. That’s one reason that, in the face of the multiple strains on nonprofits, we’ve

been publishing [a series of articles](#) describing creative approaches to the nonprofit workforce shortage that can elevate equity, address burnout and stress, and discover, nurture, and develop talent in nontraditional ways. In addition to being the right thing to do, embedding employee well-being as part of a nonprofit's culture can enhance sustainability and improve our ability to respond to crises over the long term.

[Read more](#)

Attention Nonprofit Employers: Did You Forget to Claim Refundable Tax Credits from the IRS?

A small human services nonprofit based in Washington, D.C. utilized the Employee Retention Tax Credit (ERTC) to keep 11 full-time employees and several part-time workers on the job throughout the pandemic. The nonprofit was able to claim a refund of \$85,000 from the IRS for ERTC relief for 2020 and another refund of about \$115,000 for 2021 based on the city-wide closure orders – one of two ways employers can meet eligibility requirements for the ERTC. This particular nonprofit received refundable tax credits *in addition to* forgivable Paycheck Protection Program loans. Many nonprofits have qualified for the ERTC as a result of similar circumstances: government-ordered “full or partial suspensions” that limited travel, meetings, or commerce. Nonprofits can also qualify due to having suffered a certain reduction in gross receipts compared with the same quarter of 2019. Although Congress canceled the Employee Retention Tax Credit effective the end of September 2021, there is still time for eligible nonprofits to claim this **refundable** tax credit that can offset employment taxes and generate a refund payment. Your nonprofit may be able to qualify through either of the two ways described, and the credit can be claimed retroactively for parts of 2020 and 2021.

[Read more](#)

Fundraising Effectiveness Project's [Quarterly Fundraising Report](#)

FEP recently released its report for the 4th quarter of 2021, which covers the full year. This project uses a panel of almost 10,000 nonprofits with about 18 million donors, weighted across size and subsector, with outliers excluded. The analysis examines trends across a number of different metrics of interest to fundraisers. The researchers helpfully included a comparison with 2019 as well as 2020 this year for several metrics, because 2020 was such an outlier. While medians were provided only for organization size and subsector this year, making it difficult to understand how many total nonprofits were affected by various averages, the data will nonetheless be of interest to many.

The good:

- Overall, dollars were up 2.7 percent in 2021 compared with 2020, and up 11 percent compared with 2019. However, without median numbers, it's hard to assess how many nonprofits benefited from this increase.
- In general, large and highly committed donors are sticking around.
- Although 2021 could not keep pace with 2020 in new donor acquisition, 26 percent of 2020's new donors were retained in 2021, which is very high compared with historic averages.

The bad:

- The number of active donors in 2021 did not keep up with 2020. A decrease of 5.7 percent in overall donor numbers is expected after accounting for late data.
- Even setting aside 2020's high average growth in donors (which was unevenly distributed among nonprofits), the drop in donors in 2021 was larger than the growth in 2020, meaning the drop in donors now means a small net loss of donors overall since 2019.
- Donors giving less than \$5,000, accounting for more than 97 percent of all donors, dropped in 2021.

The ugly:

- The "dropout rate," which is the number of organizations in FEP's dataset that stopped reporting data, increased significantly in 2020, and more than doubled again in 2021. The reasons aren't clear, but the researchers suspect that abnormally high dropout rates are due to "the impact of COVID on fundraising and reporting."

New Resources

- ***New Survey on the “U.S. Social Sector.”*** The U.S. social sector plays a critical role in our society. But what are the supports and services, or infrastructure, that it needs to thrive? What are the strengths and weaknesses of this social sector infrastructure? How is it changing, and how might it need to change in the years to come? Help answer these questions by participating in a 10-25-minute anonymous [survey](#) on the social sector infrastructure and become eligible to win one of ten \$100 Visa gift cards. Learn more about the study on the Social Sector Infrastructure [project website](#).
- ***Participate in Suicide Prevention: Celebrate Faith. Hope. Life.*** With the lingering impacts of the COVID-19 pandemic being felt by communities throughout the country, faith leaders and communities have an important role to play in supporting those who may be struggling. Faith. Hope. Life is a project of the federally-funded [National Action Alliance for Suicide Prevention](#). Faith and community leaders can join the movement to empower communities nationwide to support those who are struggling and to promote hope, resiliency, and recovery. [Find more information, including for the upcoming “weekend of action” this weekend, here.](#)
- ***Other Mental Health Awareness Month Resources*** are available from the federal Substance Abuse and Mental Health Services Administration (SAMHSA). There are multiple Mental Health Awareness Month webinars and events to choose from. View the full list of resources on the [SAMHSA Mental Health Month website](#).
- ***Department of Education Announcement on Public Service Loan Forgiveness:*** There’s been recent progress on one of the nonprofit community’s primary [policy asks to alleviate the nonprofit workforce shortage](#): reform of the Public Service Loan Forgiveness (PSLF) program. In a news release, the U.S. Department of Education “announced steps that will bring borrowers closer to public service loan and income-driven repayment (IDR) forgiveness.... Federal Student Aid (FSA) estimates that these changes will result in immediate debt cancellation for at least 40,000 borrowers under the [PSLF] Program. Several thousand borrowers with older loans will also receive forgiveness through IDR. More than 3.6 million borrowers will also receive at least three years of additional credit toward IDR forgiveness.”

- **The annual [M+R Benchmarks Study](#) is out.** If you aren't familiar with M+R's Benchmarks Study, it analyzes data on millions of nonprofit messages – fundraising, advocacy, emails, social media, you name it. You can find out what responses other nonprofits are seeing, and enter your own stats to benchmark your nonprofit. Plus, it has jokes.
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Parting Note

Speaking of nonprofit staff needing to relax, leave it to Vu Le to make an [ASMR video for nonprofits](#). ([What the heck is ASMR?](#))